THE MINISTER OF INDUSTRY (SHRI MURASOLI MARAN): (a) to (c). According to the Common Minimum Programme, the nation needs and has the capacity to absorb atleast US $ 10 billion a year as foreign direct investment. The Government policy on foreign investment is being constantly reviewed to make it more dynamic with the objective of increasing foreign direct investment into the country, particularly, in priority/core sectors including infrastructure.

Revenue Deficit

4631. DR. LAXMINARAYAN PANDEY:
SHRI RAM NAIK:

Will the Minister of FINANCE be pleased to state:

(a) the projected and the actual revenue deficit recorded during 1993-94, 1994-95 and 1995-96 separately;

(b) the reasons for continuous increase in the above deficit and its impact on the Indian economy; and

(c) the efforts made and proposed to be made to check the increasing revenue deficit?

THE MINISTER OF FINANCE (SHRI P. CHIDAMBARAM): (a) The details of revenue deficit are as under:

(Rs. crore)

	Budget Estimates	Revised Estimates	Actuals
1993-94	17630	34058	32716
1994-95	32727	34132	31029
1995-96	35541	33331	Accounts are being finalised.

(b) The recurring revenue deficits can be attributed to growth in areas of expenditure like interest payments, subsidies, grants to State Governments, internal security, plan expenditure on revenue account, etc. Financing of the revenue deficit entails higher borrowings by Government leading to growth in fiscal deficit and higher interest rates.

(c) Government would endeavour to restrict the revenue deficit by maximising revenues and controlling expenditure.

[Translation]

Unutilized Foreign Aid

4632. PROF. RASA SINGH RAWAT : Will the Minister of FINANCE be pleased to state:

(a) whether the World Bank has expressed concern over non-utilisation of aid provided by foreign financial institutions for various development projects in the country;

(b) the details of the projects which could not be implemented so far for which foreign aid was provided through the Union Government, State-wise;

(c) the foreign aid provided by the Union Government for implementation of aforesaid projects;

(d) whether the Government have approached the World Bank and IMF for setting up of some new development projects in the country particularly in Rajasthan, Haryana and Himachal Pradesh; and

(e) if so, the details thereof?

THE MINISTER OF FINANCE (SHRI P. CHIDAMBARAM) : (a) to (c). World Bank has not expressed concern over non-utilisation of aid provided by foreign financial institutions for various development projects in the country. In the India : Country Economic Memorandum, 1996 published by the World Bank, the World Bank has mentioned "Over the last few years, the Government has taken several specific measures to improve the utilization of ODA. While these measures have accelerated aids disbursements, there remains scope for further improvements." The foreign aid from these agencies is on reimbursement basis, therefore, the State Governments and project authorities have to incur the expenditure first and thereafter claim reimbursement through the Union Government. In this arrangement, the Union Government provided the amount of foreign aid to States as Additional Central Assistance after project implementation is taken up.

(d) and (e). IMF assistance is not tied to development projects. In the case of World Bank, the new projects posed to the World Bank for assistance and which are at varying stages of project appraisal, are as under:-

Rajasthan: Water Resource Consolidation Project, Jaipur Water Supply & Sanitation Project, Water Supply Project for five towns. State Highways upgradation, District Poverty Initiative Project, IIIrd State Health Systems Development Project, Integrated Child Development Scheme-III and SEB Restructuring project.

Haryana: Agriculture Development Project, State Highways upgradation and SEB Restructuring project.

Himachal Pradesh: IIIrd State Health Systems Development Project and State Highways project.